

Budget

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Responsibly Managing Our Finances

As with any household in this country, the federal government must also work to balance its budget. I served in the U.S. House of Representatives when President Clinton worked with Congress to achieve a balanced budget. When President Clinton left office, he handed President George W. Bush a surplus that was squandered, and the budget was sent spiraling out of control by increased spending and slashed revenue.

Today, we are working here in Congress to balance our budget and move our nation back to the practice of fiscal responsibility.

I am currently serving as the third most senior member of the U.S. House of Representatives Committee on the Budget, where we set the spending limits for the U.S. House of Representatives Committee on Appropriations (on which I also serve).

It is imperative for our nation's security that Congress take immediate steps to establish fiscal responsibility, and we have been doing just that during the 111th Congress.

The Road Ahead □

As a stalwart steward of the taxpayer dollar and dedicated servant of the 9th Congressional District of Ohio, rest assured that I stand ready to work with my colleagues to make the tough decisions necessary today, as we did in the 1990's, to bring our nation back to fiscal and budget responsibility. We cannot continue forward as a nation without the compromises necessary in both spending and revenue to achieve a balanced budget. The future of our nation depends on taking these actions. However, it must be noted that we cannot, and will not, make these

decisions without the careful thought and consideration necessary to ensure that as we make these difficult choices in our finances, that our region and our nation remain competitive in the global economy.

The House Budget Committee

Brief History

Established during an era of unprecedented institutional reform in Congress, the Committee on the Budget's function derives from the constitutional mandate that fixes control of the nation's purse in the U.S. House of Representatives.

Although Congress has always possessed the legal authority to exercise power over federal appropriations, a formal institutional mechanism to manage taxes and spending did not exist until 1974.

Three developments precipitated the need for a formal mechanism: increasing conflicts between Congress and the President over the federal budget; the challenge of managing long-term programs such as Social Security and Medicare; and budget deficits in the latter 20th century.

Jurisdiction

Click [here](#) to read the jurisdiction of the Committee on the Budget.

Rules of Procedure

Click [here](#) to read the rules of procedure for the Committee on the Budget.

The Budget Resolution

The Congressional Budget Act provides for the annual adoption of a concurrent resolution on the budget. The annual budget resolution is an agreement between the House and Senate on a budget plan for the upcoming fiscal year and at least the following four fiscal years. As a concurrent resolution, it is not presented to the President for his signature and thus does not become law.

The budget resolution provides the framework for subsequent legislative action on the annual appropriations bills, revenue measures, debt-limit legislation, reconciliation legislation, and any other budgetary legislation. Specific program determinations are left to the Appropriations Committees and other committees with spending and revenue jurisdiction.

Pay-As-You-Go (PAYGO)

Statutory PAYGO was first put in place with bipartisan support by the Budget Enforcement Act of 1990, and was renewed on a bipartisan basis in 1997. The statute expired in 2002 and was not reauthorized by the Republican majority in Congress.

On February 12, 2010, President Obama signed House Joint Resolution 45 into law, as P.L. 111-139.

Title I of this law is referred to as the Statutory Pay-As-You-Go Act of 2010, which establishes a new budget enforcement mechanism generally requiring that direct spending and revenue legislation enacted into law not increase the deficit.

As a budget enforcement tool, the new statutory PAYGO process is aimed at preventing, or at least discouraging, net deficit increases arising from the enactment of direct spending and revenue legislation.

When the U.S. House of Representatives passed the Budget Enforcement Resolution on July 1, 2010, Statutory PAYGO and the House Rules on PAYGO were harmonized. PAYGO was in place in the 1990's when Congress achieved not only a balanced budget, but produced surpluses, and it is critical to have PAYGO in place for us to do the same again today.

Deficit Reduction

The challenge facing Congress today is balancing short-term stimulus and support of our economy with the long-term necessity of deficit reduction.

However, in the House Budget Enforcement Resolution, the U.S. House of Representatives took a step forward in limiting regular discretionary spending for 2011 by providing a level that is \$7 billion below the President's request and \$3 billion below the level passed by the Senate Budget Committee.

Establishing this discretionary spending total has allowed the 2011 Appropriations process to move forward with enforceable limits. I am pleased to have voted in favor of this Budget Enforcement Resolution which reflects Congress's desire to work towards fiscal responsibility.

In addition, the passage of the Patient Protection and Affordable Care Act is estimated by the Congressional Budget Office (CBO) to cut the deficit by \$143 billion over the next 10 years and by \$1.2 trillion in the following decade.

It might also be of interest to know Social Security does not contribute to our deficit – it is a program that pays for itself and is in surplus.

National Commission on Fiscal Responsibility and Reform

President Obama has appointed a bipartisan National Commission on Fiscal Responsibility and Reform to address our nation's budget challenges. The Commission is charged with identifying policies to improve the budgetary situation in the medium term and to achieve sustainability over the long run. Specifically the commission is to recommend longer term deficit reduction, with the goal of reaching primary balance by 2015 and stabilizing our debt-to GDP-ratio when the economy has had time to recover from the recession.

The bipartisan Commission will meet as a whole once a month while Congress is in session and will vote on a final report containing a set of recommendations to achieve its mission no later than December 1, 2010. The final report will require the approval of at least 14 of the bipartisan Commission's 18 members.

Bipartisan Commission Members

Co-Chairmen

Sen. Alan Simpson, Former Republican Senator from Wyoming.

Erskine Bowles, Chief of Staff to President Clinton

Commissioners

Sen. Max Baucus (D-MT)

Rep. Xavier Becerra (D-CA 31)

Rep. Dave Camp (R-MI 4)

Sen. Tom Coburn (R-OK)

Sen. Kent Conrad (D-ND)

David Cote, Chairman and CEO, Honeywell International Sen. Mike Crapo (R-ID)

Sen. Richard Durbin (D-IL) Ann Fudge, Former CEO, Young & Rubicam Brands

Sen. Judd Gregg (R-NH)

Rep. Jeb Hensarling (R-TX 5)

Alice Rivlin, Senior Fellow, Brookings Institute and former Director, Office of Management & Budget

Rep. Paul Ryan (R-WI 1)

Rep. Jan Schakowsky (D-IL 9) Rep. John Spratt (D-SC 5)

Andrew Stern, President, Service Employees International Union

To follow the work of the National Commission on Fiscal Responsibility and Reform, please click [here](#) .